

EXHIBIT B

Santa Rosa group acquires interest in Kunde winery



Kunde Estate Winery host's its wine club event, Saturday August 28, 2004 in Kenwood. Kunde is celebrating its 100th harvest this year.

KEVIN MCCALLUM

THE PRESS DEMOCRAT | February 17, 2010

[Follow this story](#) 



The Kunde family of Kenwood has sold a minority stake in its popular winery to the owners of the fast-growing Santa Rosa wine group Vintage Wine Estates.

Dean & Deluca owner Leslie Rudd and veteran wine industry executive Pat Roney have partnered with Kunde Family Estate to strengthen the wine brand's market presence and tap the winery's excess production capacity.

"We're teaming up with a great partner," said Jeff Kunde, chairman of the winery. "It gives both our companies more clout."

Terms of the deal were not disclosed.

The Kundes will remain majority owners of the winery, and will also retain control of their 700 acres of vineyards. The three members of the Kunde family who currently work at the winery will continue to do so, Kunde said.

The move in no way signals that the family is retreating from the wine business, Jeff Kunde said.

"Personally, I think it bolsters the family's position in the wine industry," Kunde said.

Partnering with a larger wine group will offer the Sonoma Valley winery new sales and marketing opportunities, as well as open new markets for the family's grapes, Kunde said.

The deal is another sign of a wine industry in the midst of a massive generational transition, said Deborah Steintal, partner in Napa-based Scion Advisors.

The Kundes are a multigenerational wine family with members who are probably looking to tap assets at the same time the economy is creating a challenging sales environment, Steintal said.

"They are being smart and looking at how to readjust that asset base," Steintal said.

Vintage Wine Estates will become the managing partner of the 100,000-case winery, which was founded in 1990 and has become a busy tourist destination along scenic Highway 12 in Kenwood.

The investment will give Vintage Wine Estates access to Kunde's underutilized winemaking facility, allowing Vintage Wine to increase production of its growing portfolio of wine brands. The company has successfully used its direct-to-consumer wine company Windsor Vineyards to drive sales at its growing stable of

wineries, including Sonoma Coast Vineyards, Windsor Sonoma and Grove Street Winery in Sonoma County and Stone-Fly and Girard wineries in Napa.

"It's pretty healthy right now," said Roney of his wine company. "We've always been in a business that creates a solid value for the price."

The company had originally planned to build a new winery on Westside Road for its upscale brand Windsor Sonoma, but opted to instead invest first in Kunde.

"We basically decided to hold off until the economy gets better," Roney said.

The deal gives Kunde access to Vintage Wine Estates' mail-order sales expertise, while the group's other wineries will gain needed production capacity. The Kenwood winery has a permit to make 200,000 cases of wine per year but currently produces about half that, Roney said. Vintage Wine Estates currently produces about 300,000 cases of wine annually.

In addition to added clout with distributors, the partnership should give all the wineries additional opportunities to save costs and increase buying power, Roney said.

The Kundes have one of the longest grape-growing legacies in Sonoma County.

In 1904, Louis Kunde, a German immigrant, acquired the Wildwood Vineyards ranch, which was first planted in 1879 by pioneer John Drummond. In 1922, the vineyards were taken over by his son, Arthur "Big Boy" Kunde.

The family's third generation, brothers Bob and Fred Kunde, greatly expanded the estate in the 1960s and 1970s.

The deal is a reunion of sorts for Roney and Kunde. He left Chateau St. Jean in 1992 to become president of the new Kunde winery. His tenure was brief, but he has remained close to the family ever since, he said.

Don Chase, winery president, will be leaving his post March 1 as part of the deal, Roney said.

Next year the winery expects to have excess grapes for the first time in decades, the result of some newly replanted vineyards coming into production and slower sales.

"We're going to look to increase prices a little bit. As part of that we think we'll probably be selling a little less volume," Roney said.

That gives the Kundes the chance to get back to their grape-growing roots, selling grapes to other wineries, including those owned by Vintage Wine Estates.

"We've decided to be growers for other wineries again, and that was by design," Kunde said. "That's who we were first. We were growers first."

RELATED STORIES

"It's a 24/7 job"

Cotati company purchases
International Wine Accessories

MOST POPULAR

1

Suspect went to class after shooting
classmate near Ridgway High

5

2

PG&E cuts power to 27,000 customers in
Sonoma County; weekend outage
possible

6

3

Map: Where PG&E will be cutting power
in the North Bay

7

4

Benefield: High school football games
shouldn't end like this one did

8

Police: Victim, suspect in Ridgway High
shooting had ongoing gang dispute

'Like 'Call Of Duty' or something':
Ridgway High students locked inside
after shooting near school

'I'm pretty frustrated': Locals brace for
potential 2nd PG&E outage in a month

Here are the Santa Rosa schools
canceling classes due to the PG&E outage

It's time to show your support

We're always here when you need the latest information. Whether it is power outages, floods, fires or earthquakes, The Press Democrat has reporters and photographers on the scene for whatever is happening in your world. A team of editors, digital producers, printing plant employees, and newspaper carriers further helps to keep you informed — every step of the way.

This kind of committed local coverage takes an investment. Please consider, right now, purchasing a digital subscription to show your support. You count on us. Can we count on you?

Become a subscriber

I'm already a subscriber. [Sign In](#)



Show Reader Comments



OUR NETWORK